

House File 2490

H-8482

1 Amend House File 2490 as follows:

2 1. Page 13, after line 4 by inserting:

3 <DIVISION ____
4 INDUSTRIAL HEMP

5 Sec. ____ . Section 124.401, subsection 5, Code 2018, is
6 amended by adding the following new unnumbered paragraph:
7 NEW UNNUMBERED PARAGRAPH. Notwithstanding this subsection
8 or any other provision of this chapter to the contrary, a
9 person may produce, possess, deliver, transport, process,
10 and use industrial hemp in accordance with the provisions of
11 chapter 188.

12 Sec. ____ . NEW SECTION. 188.1 Short title.

13 This chapter shall be known and may be cited as the "*Iowa*
14 *Industrial Hemp Act*".

15 Sec. ____ . NEW SECTION. 188.2 Definitions.

16 As used in this chapter, unless the context otherwise
17 requires:

18 1. "*Association*" means the Iowa crop improvement association
19 recognized pursuant to section 177.1.

20 2. "*Certified industrial hemp seed*" means industrial hemp
21 seed that has been certified pursuant to section 188.18.

22 3. "*Council*" means the industrial hemp council established
23 in section 188.11.

24 4. "*Department*" means the department of agriculture and land
25 stewardship.

26 5. "*Industrial hemp*" means any part of the Cannabis
27 sativa plant, whether growing or not, with a concentration of
28 delta-9 tetrahydrocannabinol that does not exceed the maximum
29 concentration for the plant as determined pursuant to section
30 188.8.

31 6. "*Industrial hemp plant*" means all nonseed parts of
32 industrial hemp, whether growing or not.

33 7. a. "*Industrial hemp product*" means any item manufactured
34 from industrial hemp, including but not limited to cloth,
35 cordage, fiber, food, fuel, paint, paper, particleboard,

1 plastic, industrial hemp seed, seed meal, or seed oil.

2 *b.* "Industrial hemp product" does not include industrial
3 hemp seed that is capable of germination.

4 8. "Industrial hemp seed" means seed produced by industrial
5 hemp regardless of whether the seed is capable of germination.

6 9. "Iowa state university" means Iowa state university of
7 science and technology.

8 10. "Law enforcement agency" means the department of public
9 safety, an office of county sheriff, or a city's police force.

10 11. "Licensee" means a person who obtains a license from
11 the department under section 188.15 to participate in the
12 industrial hemp commodity program established pursuant to
13 section 188.13 or the industrial hemp production program
14 established pursuant to section 188.14.

15 12. "Production" means any part of planting, cultivating,
16 or harvesting industrial hemp.

17 13. "Regents institution" means the university of Iowa, Iowa
18 state university of science and technology, or the university
19 of northern Iowa governed by the state board of regents under
20 section 262.7.

21 14. "Registrant" means a regents institution that registers
22 with the department to administer the industrial hemp
23 production program established in section 188.14.

24 Sec. ____ . NEW SECTION. 188.3 Report.

25 1. The department shall prepare and submit an annual report
26 to the governor and general assembly not later than January 10.
27 The report shall evaluate the success of the industrial hemp
28 commodity program established pursuant to section 188.13 and
29 the industrial hemp production program established pursuant
30 to section 188.14. The department, in cooperation with any
31 registrant, may establish performance benchmarks and make
32 recommendations for consideration by the general assembly in
33 order to meet the purposes of the programs in compliance with
34 the requirements of 7 U.S.C. §5940.

35 2. *a.* In preparing the report, the department may require

1 that a select number of licensees complete and submit a brief
2 survey regarding the licensee's business operations including
3 the production, handling, transportation, or processing of
4 industrial hemp.

5 *b.* A registrant shall assist the department in preparing
6 and compiling the results of the survey. Until a regents
7 institution is registered under section 188.14, Iowa state
8 university shall act in lieu of the registrant.

9 3. The report may include the compilation of data, but
10 shall not disclose any information that is confidential under
11 section 188.9, including the identity of a licensee or the
12 location of any facility used by the licensee in the production
13 of industrial hemp. This subsection shall not preclude the
14 disclosure of information to the extent that the licensee
15 voluntarily agrees in writing that such information is to be
16 considered a public record under section 188.9.

17 Sec. ____ . NEW SECTION. **188.4 Rules and forms.**

18 The department shall adopt all rules and prepare and publish
19 all forms required to administer this chapter and comply with
20 7 U.S.C. §5940. The department may require the mandatory use
21 of a form and refuse to accept a document that is not prepared
22 using a mandatory form.

23 Sec. ____ . NEW SECTION. **188.5 Compliance with federal law.**

24 1. The purpose of this chapter is to fully implement the
25 provisions of 7 U.S.C. §5940.

26 2. The programs established under this chapter and any
27 projects administered under those programs are for the
28 exclusive purpose of growing, cultivating, and marketing
29 industrial hemp in a manner that complies with the programs and
30 projects described in 7 U.S.C. §5940.

31 3. *a.* The department shall seek to obtain any necessary
32 approval by the drug enforcement administration of the United
33 States department of justice in order to obtain industrial hemp
34 seeds for certification pursuant to section 188.18 as part of
35 the industrial hemp commodity program as provided in section

1 188.13 or the industrial hemp production program as provided
2 in section 188.14.

3 *b.* A registrant may seek to obtain any necessary approval
4 by the drug enforcement administration of the United States
5 department of justice in order to obtain industrial hemp seeds
6 for certification pursuant to section 188.18 as part of the
7 industrial hemp production program as provided in section
8 188.14.

9 4. The department or a registrant may seek a waiver of a
10 federal regulation promulgated by the United States department
11 of agriculture or the drug enforcement administration of the
12 United States department of justice if necessary to fully
13 implement the provisions of this chapter.

14 Sec. _____. NEW SECTION. **188.6 General prohibitions.**

15 1. A person shall not produce, handle, transport, market,
16 or process industrial hemp in this state unless the industrial
17 hemp has been produced pursuant to the industrial hemp
18 commodity program established pursuant to section 188.13 or
19 the industrial hemp production program established pursuant to
20 section 188.14.

21 2. Nothing in this chapter prevents a person from producing,
22 handling, transporting, marketing, or processing an industrial
23 hemp product.

24 Sec. _____. NEW SECTION. **188.7 Cannabidiol production**
25 **prohibited — contingent repeal.**

26 1. Industrial hemp shall not be used to produce medical
27 cannabidiol as defined in section 124E.2.

28 2. Nothing in this chapter shall be construed to authorize
29 a person to recommend, possess, use, dispense, deliver,
30 transport, or administer medical cannabidiol.

31 Sec. _____. NEW SECTION. **188.8 Maximum concentration of**
32 **tetrahydrocannabinol.**

33 1. A test of a Cannabis sativa plant under this chapter
34 shall be conducted by the department or a qualified public or
35 private laboratory approved by the department. The department

1 shall establish protocols for sampling and testing Cannabis
2 sativa plants produced pursuant to the provisions of this
3 chapter, including for obtaining test samples for delivery to
4 the laboratory, and the receipt of test results delivered to
5 the department, a registrant, or a licensee. The concentration
6 of delta-9 tetrahydrocannabinol present in a Cannabis sativa
7 plant shall be measured on a dry weight basis in the same
8 manner as provided under 7 U.S.C. §5940 unless subsequent
9 controlling federal law provides otherwise.

10 2. The maximum concentration of delta-9
11 tetrahydrocannabinol present in a Cannabis sativa plant in
12 order for the plant to qualify as industrial hemp shall be
13 established by the department. The department's established
14 maximum concentration shall be the same as the maximum
15 concentration allowed to be present to qualify as industrial
16 hemp under 7 U.S.C. §5940 or any subsequent controlling federal
17 law.

18 3. In testing Cannabis sativa plants which comprise a crop,
19 a composite test result that exceeds the maximum concentration
20 of delta-9 tetrahydrocannabinol as provided in subsections 1
21 and 2 is deemed conclusive that the crop exceeds the maximum
22 concentration for industrial hemp.

23 Sec. _____. NEW SECTION. 188.9 Confidential information —
24 exceptions.

25 1. a. All of the following information is confidential:

26 (1) A completed license application, or information which
27 is part of such application, acquired by the department,
28 a registrant, or a law enforcement agency under section
29 188.15. For purposes of this subparagraph, a completed license
30 application does not include the results of a national criminal
31 history record check acquired by the department from the
32 department of public safety pursuant to section 188.15.

33 (2) A license issued by the department to the applicant
34 under section 188.15.

35 (3) Any information acquired by the department or a

1 registrant from a licensee participating in or seeking to
2 participate in the industrial hemp commodity program under
3 section 188.13 or the industrial hemp production program under
4 section 188.14.

5 (4) A certification of industrial hemp seed issued by the
6 association to the department, a registrant, or a licensee
7 under section 188.18.

8 (5) A survey acquired by the department or by Iowa state
9 university from the department under section 188.3.

10 (6) Information relating to the inspection of a licensee
11 participating in the industrial hemp commodity program under
12 section 188.13 or the industrial hemp production program under
13 section 188.14.

14 (7) The results of any test sample of an industrial hemp
15 crop regardless of whether the test was conducted by the
16 department, a registrant, or a licensee participating in the
17 industrial hemp commodity program under section 188.13 or the
18 industrial hemp production program under section 188.14.

19 (8) Any other information that identifies the business
20 location, operations, management, practices, or finances of a
21 licensee participating in the industrial hemp commodity program
22 under section 188.13 or the industrial hemp production program
23 under section 188.14.

24 *b.* The confidential information may be in a printed or
25 electronic format as part of a document, other tangible medium,
26 or accessible by a computer or similar device.

27 2. The confidential information described in subsection
28 1 is not a public record and is not otherwise subject to
29 disclosure under chapter 22. Such information that is
30 subsequently disclosed to a person under this chapter retains
31 its confidentiality in the manner provided in this section.

32 3. The department shall establish requirements and
33 procedures for the disclosure of confidential information
34 described in subsection 1, including to any of the following:

35 *a.* To a person authorized to receive the confidential

1 information under this chapter.

2 *b.* A federal agency or another state's agency as part of
3 the process to evaluate the approval or renewal of a license
4 under section 188.15 or the licensee's participation in the
5 industrial hemp commodity program under section 188.13 or the
6 industrial hemp production program under section 188.14.

7 *c.* A law enforcement agency or a federal agency which
8 requests the confidential information in order to respond
9 to an emergency situation, a criminal complaint, or an
10 ongoing criminal investigation, subject to any applicable
11 confidentiality requirements for public records under section
12 22.7.

13 *d.* The department in conducting a disciplinary action
14 against a licensee under section 188.26.

15 *e.* A party in any judicial or administrative proceeding
16 involving discovery, so long as the disclosure is made upon
17 subpoena, or other means of legal compulsion for release.

18 *f.* Any person making a request to the custodian of the
19 confidential information in the same manner as provided in
20 section 22.2 to the extent that the licensee voluntarily agrees
21 in writing that such information is to be considered a public
22 record subject to chapter 22.

23 Sec. _____. NEW SECTION. **188.10 Liability.**

24 The department or a registrant is not liable for the actions
25 of a licensee regardless of the department's or registrant's
26 legal relationship with the licensee, including but not limited
27 to any relationship as an agent, principal, fiduciary, or party
28 to a contract.

29 Sec. _____. NEW SECTION. **188.11 Industrial hemp council —**
30 **establishment, membership, procedures.**

31 1. An industrial hemp council is established under the
32 purview of the department.

33 2. *a.* The council shall consist of the following voting
34 members:

35 (1) An individual who has experience in the regulation

1 of industrial hemp production, appointed by the secretary of
2 agriculture.

3 (2) An individual who is a member of an agricultural
4 cooperative association as defined in section 502.102,
5 appointed by the secretary of agriculture.

6 (3) Two employees of the department appointed by the
7 secretary of agriculture. The employees shall be knowledgeable
8 regarding the production of agricultural crops. One employee
9 may be the state entomologist. One employee may be an employee
10 knowledgeable about procedures and practices relating to the
11 import of agricultural seeds or inputs.

12 (4) One employee of the department of natural resources
13 appointed by the director of the department of natural
14 resources. The employee must be knowledgeable regarding
15 agricultural practices and environmental regulations.

16 (5) One employee of the department of public safety
17 appointed by the director of the department. The person must
18 be knowledgeable regarding federal and state drug enforcement
19 policies.

20 (6) One employee of a registrant appointed by the president
21 of the registrant's regents institution. The employee must
22 be knowledgeable regarding plant sciences. Until such a
23 registrant is appointed, one employee of Iowa state university
24 appointed by the president of the university shall serve as a
25 member. The employee must be knowledgeable regarding plant
26 sciences.

27 *b.* The council shall also include four members of the
28 general assembly appointed to serve in an ex officio, nonvoting
29 capacity. The legislative members shall be selected, one
30 member each, by the majority leader of the senate, the
31 minority leader of the senate, the speaker of the house of
32 representatives, and the minority leader of the house of
33 representatives.

34 3. A voting member who has not been appointed shall be
35 confirmed by the senate pursuant to section 2.32.

1 4. A public member is eligible to receive compensation as
2 provided in section 7E.6 and shall be reimbursed for actual and
3 necessary expenses incurred in the discharge of the member's
4 duties. The moneys used to pay expenses and compensation
5 shall be paid from moneys in the industrial hemp commodity
6 fund established in section 188.23. A legislative member is
7 eligible to receive a per diem and expenses as provided in
8 section 2.10.

9 5. *a.* A public member shall serve a three-year staggered
10 term commencing and ending as provided in section 69.19. A
11 state employee member shall serve at the pleasure of the
12 appointing authority.

13 *b.* The voting members shall elect a chairperson and vice
14 chairperson annually from the voting membership. A majority of
15 the voting members constitutes a quorum. If the chairperson
16 and vice chairperson are unable to preside over the council, a
17 majority of the voting members present may elect a temporary
18 chairperson.

19 6. A vacancy on the council shall be filled in the same
20 manner as the original appointment. A member appointed to fill
21 a vacancy created other than by expiration of a term shall be
22 appointed for the remainder of the unexpired term.

23 7. The council shall be housed within the department and the
24 department, in cooperation with Iowa state university, shall
25 furnish the council with a meeting place and all articles,
26 supplies, and services necessary to enable the council to
27 perform its duties. Iowa state university or the office of
28 attorney general may provide any technical or legal assistance
29 requested by the council or department.

30 8. The appointments of the public members are subject to the
31 requirements of sections 69.16, 69.16A, and 69.19. A public
32 member is eligible for reappointment. The secretary may remove
33 a public member if the removal is based on the public member's
34 misfeasance, malfeasance, or willful neglect of duty or other
35 just cause, after notice and hearing, unless the notice and

1 hearing is expressly waived by the public member in writing.

2 Sec. _____. NEW SECTION. 188.12 Industrial hemp council —
3 powers and duties.

4 1. The council shall advise the department and each
5 registrant regarding all of the following:

6 a. All aspects relating to the administration of the
7 industrial hemp commodity program established pursuant to
8 section 188.13 and the industrial hemp production program
9 established pursuant to section 188.14.

10 b. The establishment of fees assessed, imposed, and
11 collected pursuant to sections 188.21 and 188.22.

12 c. The management of the industrial hemp commodity fund
13 established in section 188.23.

14 2. The council shall advise the department regarding all of
15 the following:

16 a. Disciplinary action taken against a licensee pursuant to
17 section 188.26.

18 b. The establishment of a range of civil penalties to be
19 imposed, assessed, and collected pursuant to section 188.27.

20 3. The council shall advise a registrant regarding the
21 terms and conditions of contracts entered into with a selected
22 licensee under section 188.17.

23 4. The council shall not control policy decisions or direct
24 the administration or enforcement of this chapter.

25 Sec. _____. NEW SECTION. 188.13 Industrial hemp commodity
26 program — department and licensees.

27 1. The department shall establish and administer an
28 industrial hemp commodity program. The purpose of the
29 program is to determine the economic feasibility of producing
30 industrial hemp as a profitable commodity in this state and of
31 the effective handling, transporting, marketing, and processing
32 of the commodity in this state.

33 2. A person must be licensed pursuant to section 188.15 to
34 participate in the program. Under the program, a licensee may
35 produce all of the following:

1 a. Industrial hemp plants which shall to every extent
2 feasible be processed into industrial hemp products for
3 marketing in commercial channels.

4 b. Industrial hemp seeds which shall to every extent
5 feasible be processed into industrial hemp products or used to
6 produce a subsequent industrial hemp crop.

7 3. The department may establish standards for the labeling
8 or marketing of industrial hemp produced under this section.
9 The standards shall to every extent feasible be in accordance
10 with applicable standards in chapter 210.

11 4. A licensee must immediately report the loss of any
12 industrial hemp to the department.

13 5. A licensee shall retain industrial hemp or transfer
14 industrial hemp to another person only as authorized by the
15 department. The licensee may retain industrial hemp seeds
16 capable of germination only as authorized by the department.
17 The licensee shall only transfer industrial hemp seed that is
18 capable of germination to the department, a registrant, or
19 another licensee as approved by the department or any other
20 person authorized by law to receive the industrial hemp seed.

21 6. A licensee must regularly test the industrial hemp to
22 ensure that the industrial hemp does not exceed the maximum
23 concentration of delta-9 tetrahydrocannabinol as provided in
24 section 188.8.

25 7. The department shall conduct an inspection of the
26 licensee's facilities and business records as provided in
27 section 188.16.

28 Sec. ____ . NEW SECTION. 188.14 Industrial hemp production
29 program — registrants and licensees.

30 1. A regents institution, or two or more regents
31 institutions acting jointly, may establish and administer
32 an industrial hemp production program. The purpose of the
33 program shall be to determine the feasibility of increasing
34 the production acreage and yield of industrial hemp as a
35 profitable crop and reducing the concentration of delta-9

1 tetrahydrocannabinol in the industrial hemp.

2 2. In order to administer a program, the regents institution
3 or regents institutions acting jointly must register with
4 the department according to requirements established by the
5 department. The registration shall include a research plan
6 that summarizes the quantifiable short-term and long-term goals
7 of the research. A copy of the registration shall also be
8 filed with the council, the governor, and the general assembly.

9 3. The department has all the same powers to regulate
10 a licensee under this program as the department does in
11 regulating a licensee under the industrial hemp commodity
12 program pursuant to section 188.13. A licensee participating
13 in this program shall comply with the same requirements as a
14 licensee participating in the industrial hemp commodity program
15 under section 188.13, unless the department provides otherwise.

16 4. Only a registrant, including a licensee acting under
17 the supervision of the registrant, may participate in the
18 program. Under the program, a registrant may produce any of
19 the following:

20 a. Industrial hemp plants which may be processed into
21 industrial hemp products.

22 b. Industrial hemp seeds which may be processed into
23 industrial hemp products. A registrant may retain industrial
24 hemp seeds capable of germination to produce the next crop of
25 industrial hemp or transfer the seeds to another person for
26 purposes of scientific research. The registrant shall retain
27 or transfer the seeds after consulting with the department.

28 5. A registrant must regularly test the industrial hemp to
29 ensure that the industrial hemp does not exceed the maximum
30 concentration of delta-9 tetrahydrocannabinol as provided in
31 section 188.8.

32 6. A registrant must immediately report the loss of any
33 industrial hemp produced by the registrant to the department.

34 7. A registrant must maintain records regarding production
35 and transfer of the industrial hemp by the registrant. The

1 records shall to every extent practicable contain the same type
2 of information contained in records maintained by licensees
3 under section 188.13.

4 8. A registrant's inspection of a licensee's facilities
5 may be conducted as provided in the industrial hemp production
6 contract entered into by the registrant and licensee under
7 section 188.17. The registrant may request that the department
8 assign an official or that a law enforcement agency assign an
9 officer to accompany the registrant during the inspection.

10 Sec. ____ . NEW SECTION. 188.15 Industrial hemp commodity
11 license — requirements.

12 1. The department shall establish and administer a process
13 to receive, evaluate, and approve applications for industrial
14 hemp commodity licenses by persons seeking to participate in
15 the industrial hemp commodity program under section 188.13 or
16 the industrial hemp production program under section 188.14.
17 A license expires one year from the date of issuance. An
18 expired license may be renewed for three additional years. The
19 department may require that a licensee apply for an amended
20 or new license if information contained in the existing
21 application is no longer accurate or is incomplete.

22 2. An applicant shall not be issued a license unless the
23 applicant agrees to comply with all terms and conditions
24 relating to the department's regulation of the licensee.

25 3. The department shall disapprove the application of
26 a person for good cause, which shall include any of the
27 following:

28 a. The conviction of a felony within the prior ten years or
29 any drug offense within the same period, regardless of whether
30 the conviction is in this state or another state.

31 b. The revocation of a license under section 188.26, or
32 the revocation of a license, permit, registration, or other
33 authorization to produce industrial hemp in any other state.

34 4. The department shall not issue a license until the
35 applicant has furnished a surety bond to the department in

1 an amount of not more than ten thousand dollars. The surety
2 bond shall insure payment of any amount that the licensee is
3 legally obligated to pay for any costs associated with the
4 confiscation and destruction of the licensee's industrial hemp
5 crop under section 188.25. The surety bond shall be maintained
6 at all times during the period of licensure. The department
7 shall be notified ten days prior to any reduction in the amount
8 of the surety bond made at the request of the applicant or
9 cancellation of the surety bond by the surety. The total and
10 aggregate liability of the surety shall be limited to the face
11 amount of the surety bond.

12 5. The department may do all of the following:

13 a. Limit the number of applications that it accepts or
14 limit the period or periods when applications will be received,
15 evaluated, or accepted each year.

16 b. Establish criteria required to participate in a program
17 which may be based on the qualifications or good character
18 of the applicant, the applicant's proposed investment in
19 industrial hemp production, the applicant's experience in
20 commercial crop production, and the type and size of the
21 applicant's existing agricultural operation. The department
22 may prepare and publish guidelines to assist persons in
23 determining eligibility requirements.

24 c. Require the issuance of different types of licenses or
25 require an applicant to obtain more than one license based
26 on criteria established by the department, including but not
27 limited to whether the proposed industrial hemp production is
28 to occur on noncontiguous parcels of land, whether industrial
29 hemp plants or industrial hemp seeds are proposed to be
30 produced, or whether the applicant is proposing to participate
31 in the industrial hemp commodity program under section 188.13
32 or the industrial hemp production program under section 188.14.

33 d. Require that all or some licenses expire on the same
34 date.

35 e. Provide a different application and requirements for

1 the submission, evaluation, and approval or disapproval of an
2 application for a renewed license. However, the department
3 shall require a check of the applicant's national criminal
4 history record to be conducted under this section each time a
5 license is issued or renewed.

6 6. The department shall prepare and publish license
7 application forms. A completed application form submitted to
8 the department shall contain all of the following:

9 a. The applicant's full name and residence address.

10 b. A legal description, global positioning system location,
11 and map of the site where the applicant proposes to produce the
12 industrial hemp.

13 c. Information required by the department to conduct a check
14 of the applicant's criminal history record. The department
15 shall require an applicant to submit pictures, fingerprints,
16 and descriptions of physical characteristics on forms required
17 by the department of public safety. The department of
18 agriculture and land stewardship shall submit the applicant's
19 fingerprints and other necessary information to the department
20 of public safety, division of criminal investigation, for the
21 purpose of conducting a national criminal history record check
22 through the federal bureau of investigation. The department
23 of public safety shall notify the department of agriculture
24 and land stewardship of the results of the national criminal
25 history record check. The results shall be considered a
26 confidential record under chapter 22 and shall not be released
27 without the consent of the department of public safety. The
28 department of agriculture and land stewardship shall reimburse
29 the department of public safety for costs associated with
30 conducting the national criminal history record check.

31 d. Any other information required by the department in order
32 to administer this chapter.

33 7. The department of agriculture and land stewardship shall
34 deliver a copy of an approved application for a license to
35 the department of public safety and the office of the county

1 sheriff in the county where the industrial hemp is approved
2 to be produced by the licensee in order to participate in the
3 industrial hemp commodity program under section 188.13 or the
4 industrial hemp production program under section 188.14.

5 8. A license shall be suspended or revoked as provided in
6 section 188.26.

7 Sec. ____ . NEW SECTION. **188.16 Licensees — inspections by**
8 **department and law enforcement agencies.**

9 1. The department may conduct an official inspection of
10 a licensee's facilities where industrial hemp is produced,
11 stored, handled, transported, marketed, or processed. The
12 department shall conduct an official inspection during regular
13 business hours. As part of an official inspection, the
14 department shall collect a sample of the crop for testing under
15 section 188.8 at least once and within thirty days prior to
16 harvest. The department may order or request that a licensee
17 independently collect and test one or more samples of the crop
18 during the growing period and notify the department of the
19 results.

20 2. A licensee shall immediately notify the department of
21 the results of any test that exceeds the maximum concentration
22 of delta-9 tetrahydrocannabinol as provided in section 188.8,
23 regardless of whether the department ordered, requested, or
24 knew of the test.

25 3. The department may request that a law enforcement
26 agency assign an officer to accompany the department during an
27 official inspection of the facilities of a licensee.

28 4. As part of its official inspection, the department
29 may examine the licensee's business records. However, a law
30 enforcement officer shall not accompany the department during
31 the examination.

32 Sec. ____ . NEW SECTION. **188.17 Industrial hemp production**
33 **contract — requirements.**

34 A registrant may enter into an industrial hemp production
35 contract with a licensee to produce industrial hemp under the

1 supervision of the registrant. The registrant shall supervise
2 the production of the industrial hemp in cooperation with the
3 department. The contract shall provide for the regulation of
4 the licensee and the industrial hemp produced by the licensee
5 in the same manner as provided in section 188.13, unless
6 otherwise provided by the department in consultation with the
7 registrant.

8 Sec. _____. NEW SECTION. **188.18 Industrial hemp seed capable**
9 **of germination — certification.**

10 1. The Iowa crop improvement association shall certify
11 industrial hemp seed capable of germination for use by a
12 licensee as part of the industrial hemp commodity program
13 under section 188.13 or a registrant as part of the industrial
14 hemp production program under section 188.14. The association
15 may provide different certification processes, including for
16 industrial hemp seed produced or obtained by a registrant or
17 obtained from a qualified and reputable industrial hemp seed
18 source and supplier.

19 2. The association's certification protocols may be based
20 on standards promulgated by independent organizations including
21 but not limited to the association of official seed certifying
22 agencies and verifications offered by qualified and reliable
23 persons in the business of providing such seed.

24 3. The Iowa crop improvement association shall notify the
25 department and the registrant, as applicable, of the results of
26 a request for the certification of industrial hemp seed.

27 4. A licensee may import industrial hemp seed for
28 certification only if allowed by the department acting in
29 consultation with the association. A registrant may import
30 industrial seed for certification after consulting with the
31 department and the association.

32 Sec. _____. NEW SECTION. **188.19 Industrial hemp seed capable**
33 **of germination — sale by the department.**

34 1. The department shall offer certified industrial hemp
35 seed for sale to licensees participating in the industrial hemp

1 commodity program established pursuant to section 188.13. The
2 department may offer certified industrial hemp seed for sale to
3 a registrant participating in the industrial hemp production
4 program established pursuant to section 188.14.

5 2. Moneys collected by the department from the sale of
6 certified industrial hemp seed shall be deposited into the
7 industrial hemp commodity fund established in section 188.23.

8 Sec. _____. NEW SECTION. **188.20 Industrial hemp seed capable**
9 **of germination — sale by a registrant.**

10 1. A registrant may offer certified industrial hemp seed
11 for sale to the department, or a licensee participating in the
12 industrial hemp production program established pursuant to
13 section 188.14.

14 2. All moneys received by a registrant under subsection 1
15 shall be handled in the same manner as repayment receipts as
16 defined in section 8.2, and shall be used by the registrant
17 exclusively for the registrant's administration of the
18 industrial hemp production program.

19 Sec. _____. NEW SECTION. **188.21 Fees assessed by department.**

20 1. The department shall assess and collect all of the
21 following:

22 a. An application fee to be paid by a person seeking to
23 obtain an industrial hemp commodity license as provided in
24 section 188.15.

25 b. A license fee to be paid by a person being issued an
26 industrial hemp commodity license as provided in section
27 188.15.

28 c. An inspection fee to be paid by a licensee as part of
29 an inspection of the facilities where the industrial hemp is
30 produced as provided in section 188.16.

31 d. A laboratory fee to be paid by a licensee if the
32 department takes samples of industrial hemp for testing by a
33 laboratory as provided in section 188.8.

34 2. The fees described in subsection 1 are nonrefundable.

35 3. The total amount of fees collected pursuant to this

1 section shall not exceed the department's estimate of the total
2 amount of revenues necessary to administer and enforce the
3 provisions of this chapter. Prior to the beginning of a fiscal
4 year, the department shall establish an estimated total amount
5 based on the expected costs to be incurred by the department
6 in administering and enforcing the provisions of this chapter
7 during the subsequent fiscal year.

8 4. The department may establish different rates for any
9 category of fees described in subsection 1 based on criteria
10 determined relevant by the department, which may include the
11 type of license issued and the number of acres set aside for
12 industrial hemp production by a licensee.

13 5. All fees collected by the department under this section
14 shall be deposited into the industrial hemp commodity fund
15 established pursuant to section 188.23.

16 Sec. _____. NEW SECTION. **188.22 Fees assessed by registrants.**

17 1. A registrant may assess and collect fees from licensees
18 participating in the registrant's industrial hemp production
19 program as provided in section 188.14. The total amount
20 of fees paid shall not exceed the expenses incurred by the
21 registrant in selecting licensees to participate in the
22 program, conducting inspections of facilities where the
23 industrial hemp is produced, and taking samples of industrial
24 hemp to be tested by a laboratory as provided in section 188.8.

25 2. All moneys received by a registrant under this section
26 shall be handled in the same manner as repayment receipts as
27 defined in section 8.2, and shall be used by the registrant
28 exclusively for the registrant's administration of the
29 industrial hemp production program.

30 Sec. _____. NEW SECTION. **188.23 Industrial hemp commodity**
31 **fund — appropriation.**

32 1. An industrial hemp commodity fund is established in
33 the state treasury under the management and control of the
34 department.

35 2. The fund shall include moneys collected by the department

1 from the sale of certified seed under section 188.19, fees
2 collected under section 188.21, and moneys appropriated by the
3 general assembly for deposit in the fund. The fund may include
4 other moneys available to and obtained or accepted by the
5 department, including moneys from public or private sources.

6 3. Moneys in the fund are appropriated to the department
7 and shall be used exclusively to carry out the responsibilities
8 conferred upon the department under this chapter as determined
9 and directed by the department, and shall not require further
10 special authorization by the general assembly.

11 4. a. Notwithstanding section 12C.7, interest or earnings
12 on moneys in the fund shall be credited to the fund.

13 b. Notwithstanding section 8.33, moneys credited to the fund
14 that remain unexpended or unobligated at the end of a fiscal
15 year shall not revert to any other fund.

16 Sec. ____ . NEW SECTION. 188.24 Cooperation with department
17 of public safety.

18 1. The department of agriculture and land stewardship and a
19 registrant shall cooperate with the department of public safety
20 in order to administer this chapter.

21 2. The department of public safety shall assist the
22 department of agriculture and land stewardship in conducting
23 national criminal history record checks of applicants applying
24 for licenses under section 188.15.

25 3. The department of agriculture and land stewardship and
26 a registrant shall upon request or as part of routine process
27 provide the department of public safety with the following
28 information regarding the industrial hemp commodity program
29 under section 188.13 and the industrial hemp production program
30 under section 188.14:

31 a. The status of the production and the results of any test
32 of a crop produced by a licensee under this chapter.

33 b. The date and time of an inspection of a licensee's
34 facilities or business records.

35 c. The confiscation and destruction of a crop under section

1 188.25.

2 Sec. ____ . NEW SECTION. 188.25 **Confiscation and destruction.**

3 1. A Cannabis sativa plant exceeding the maximum
4 concentration of delta-9 tetrahydrocannabinol as provided in
5 section 188.8 and that is produced under the industrial hemp
6 commodity program established pursuant to section 188.13 shall
7 be confiscated by the department.

8 2. A Cannabis sativa plant exceeding the maximum
9 concentration of delta-9 tetrahydrocannabinol as provided in
10 section 188.8 and that is produced under the industrial hemp
11 production program established pursuant to section 188.14
12 shall be confiscated by the registrant in cooperation with the
13 department.

14 3. The department shall provide for the destruction,
15 including any accompanying disposal, of a confiscated Cannabis
16 sativa plant produced under the industrial hemp commodity
17 program under section 188.13 or the industrial hemp production
18 program under section 188.14. A registrant may provide for the
19 destruction of a confiscated Cannabis sativa plant produced
20 under the industrial hemp production program under section
21 188.14 in cooperation with the department. The department
22 or a registrant shall not confiscate or destroy a Cannabis
23 sativa plant unless the results of an official test conducted
24 by the department indicate that a sample exceeds the maximum
25 concentration of delta-9 tetrahydrocannabinol as provided in
26 section 188.8. The department, or a registrant acting in
27 cooperation with the department, may require that a confiscated
28 Cannabis sativa plant be kept on the premises where the plant
29 was confiscated, including where it is produced, handled,
30 transported, marketed, or processed, until arrangements are
31 made for the plant's removal and destruction. The destruction
32 may also occur on the premises where the plant was confiscated
33 if such premises may be reasonably used for that purpose
34 as determined by the department or by the registrant in
35 cooperation with the department. The destruction shall be

1 accomplished in a manner that complies with requirements of the
2 department and shall be in accordance with applicable federal
3 law.

4 4. The department or registrant may request assistance from
5 a law enforcement agency necessary to carry out this section.
6 The department or registrant upon request shall deliver any
7 sample of the plant to the law enforcement agency.

8 Sec. _____. NEW SECTION. **188.26 Disciplinary action.**

9 1. The department may suspend or revoke the license obtained
10 under section 188.15 by a person who does any of the following:

11 a. Provides false or misleading information on an
12 application for an industrial hemp commodity license as
13 provided in section 188.15.

14 b. Provides false or misleading information to the
15 department as part of the industrial hemp commodity program
16 under section 188.13 or to a registrant or the department as
17 part of the industrial hemp production program under section
18 188.14.

19 c. Fails to comply with or violates any provision of this
20 chapter, including a rule adopted by the department under
21 section 188.4, a condition of an application for the issuance
22 of a license under section 188.15, or a condition of a contract
23 entered into with a registrant under section 188.17.

24 d. Fails to comply with an order issued by the department or
25 a registrant under this chapter.

26 2. The suspension or revocation of a license is in addition
27 to the confiscation and destruction of a Cannabis sativa plant
28 under section 188.25, a civil penalty under section 188.27, or
29 any other civil or criminal penalty that may be imposed on the
30 person under state or federal law.

31 Sec. _____. NEW SECTION. **188.27 Civil penalties.**

32 1. A person who violates a provision of this chapter is
33 subject to a civil penalty of not less than five hundred
34 dollars and not more than two thousand five hundred dollars.
35 The department may assess and collect the civil penalty. Each

1 day that a continuing violation occurs shall be considered a
2 separate offense.

3 2. The department shall establish a schedule of civil
4 penalties for violations of this chapter.

5 3. A civil penalty shall not be assessed against a
6 licensee for a violation that results in the confiscation and
7 destruction of the licensee's crop under section 188.25, unless
8 the composite test result is greater than two percent delta-9
9 tetrahydrocannabinol as determined in section 188.8.

10 4. All civil penalties collected under this section shall be
11 deposited into the general fund of the state.

12 Sec. _____. NEW SECTION. **188.28 Criminal penalties.**

13 A person who knowingly or intentionally produces the
14 Cannabis sativa plant and who is not the department, a
15 registrant, or a licensee participating in the industrial hemp
16 commodity program established pursuant to section 188.13 or
17 the industrial hemp production program established pursuant to
18 section 188.14 is subject to the provisions in chapters 124 and
19 453B.

20 Sec. _____. NEW SECTION. **262.80 Industrial hemp production**
21 **program.**

22 The board of regents may consult with Iowa state university
23 of science and technology, the university of Iowa, and the
24 university of northern Iowa to provide for the participation
25 of those universities in administering an industrial hemp
26 production program in cooperation with the department of
27 agriculture and land stewardship as provided in chapter 188.>

28 2. Title page, by striking lines 1 through 3 and inserting
29 <An Act relating to agriculture, by providing for an
30 agricultural assets transfer tax credit program, providing for
31 programs relating to the production and marketing of industrial
32 hemp, providing penalties, and including effective date and
33 retroactive and other applicability provisions.>

34 3. By renumbering as necessary.

GASKILL of Wapello